

## Informal note by the co-facilitators

on

SBSTA 56 agenda item 12  
Guidance on cooperative approaches referred to  
in Article 6, paragraph 2, of the Paris Agreement and in decision 2/CMA.3

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## Informal note by the co-facilitators

*Note: The views of Parties contained in this informal note have been prepared by the co-facilitators of the informal consultations on this agenda item under their own responsibility. They have been drawn from interventions of Parties made during the fifty-sixth session of the Subsidiary Body for Scientific and Technological Advice. The views are not exhaustive, have no formal status and should not be considered final in any way. They are intended to assist Parties in advancing discussions on this matter and do not prejudice further work or prevent Parties from expressing other views at any time. Parties' views on intersessional work that may be needed before the fifty-seventh session of the Subsidiary Body for Scientific and Technological Advice are not covered in this note. The informal note has not undergone editorial review.*

### I. Elements discussed at the informal consultations

1. The informal consultations on Subsidiary Body for Scientific and Technological Advice (SBSTA) agenda item 12 on guidance on cooperative approaches referred to in Article 6, paragraph 2 of the Paris Agreement and in decision 2/CMA.3 were held during the fifty-sixth session of the SBSTA. The informal consultations were co-facilitated by Ms. Moekti Handajani Soejachmoen (Indonesia) and Mr. Peer Stiansen (Norway). The paragraphs below summarize the interventions made by Parties.
2. Parties considered the following six elements for which CMA 3 requested the SBSTA, in decision 2/CMA.3, to develop recommendations for adaption at CMA 4:
  - Review;
  - Recording and tracking infrastructure, including the registries, the international registry, the Article 6 database and the centralized accounting and recording platform;
  - Reporting;
  - Special circumstances of the least developed countries and small island developing States;
  - Corresponding adjustments;
  - Emissions avoidance.
3. The last three elements above were considered jointly.
4. Parties acknowledged that various elements had a relation to the rules, modalities and procedures for the mechanism established by paragraph 4, Article 6 of the Paris Agreement. In their interventions, Parties made references to interventions on SBSTA agenda item 13 "Rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Paris Agreement and referred to in decision 3/CMA.3".
5. Interventions on SBSTA agenda item 13 that Parties linked to SBSTA agenda item 12, and vice versa, are not replicated by the co-facilitators in the respective agenda item's

informal notes. Readers of this informal note may wish to consider it in conjunction with the informal note prepared by the co-facilitators of agenda item 13, particularly the elements in that note related to reporting by host Parties on 6.4 activities and A6.4ERs issued for them, the mechanism registry and emission avoidance and conservation enhancement activities.

## **II. Views of Parties provided at the informal consultations on the six topics**

### **A. Review**

#### 6. General views:

- The secretariat has extensive experience with different review processes and the Article 6 TER guidelines should draw upon that experience;
- An outline of, or principles for, the outcomes of the review are needed;
- The review process is the closest process Article 6 has to international oversight and is a way to support transparency, credibility and confidence in cooperative approaches;
- The review process needs to be objective and guidance to assess descriptive narrative information is desirable;
- There is a need for a systematic way of sharing information so that recommendations to one Party can help other Parties, thus avoiding inconsistencies;
- The reviews<sup>1</sup> must facilitate improved reporting and transparency over time and avoid duplication of work and undue burden on Parties and the secretariat.

#### 7. Scope and objectives:

- The mandate of the Article 6 TER is to review the consistency of the information provided on the cooperative approach in accordance with the annex of decision 2/CMA.3;
- The Article 6 TER is a qualitative review which addresses consistency and completeness of reported information;
- The scope of the review is clearly defined in chapter V of the annex to decision 2/CMA.3;
- There is a need to define what needs to be reviewed in the different types of reviews of the initial report and the regular information submitted in the biennial transparency report (BTR);
- The annual information provides supporting data for the review, as does the information from the consistency check performed by the secretariat in the Article 6 database;
- The Article 6 TER of quantitative information will consider reductions and removals generated under Article 5 (REDD+) and under Article 6.4;
- Information that has been reviewed in relation to Article 5 should not be reviewed under Article 6.2 to avoid duplication of work;
- There are no exceptions to the review;

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<sup>1</sup>In their interventions, Parties used the terms ‘reviews’ and ‘review’ interchangeably in relation to the Article 6 technical expert review as per chapter V of the annex to decision 2/CMA.3.

## Informal note by the co-facilitators

### SBSTA 56 agenda item 12

---

- The objectives of the Article 6 TER aim to deliver integrity and trust in the system by ensuring the avoidance of double counting, the environmental integrity of the cooperative approaches, and the high quality of ITMOs;
  - The review should also provide exchange of information on cooperative approaches to support the establishment and improvement of national arrangements;
  - The reviews and recommendations of the reviews are to help Parties build capacity and to help avoid inconsistencies in the future;
  - The reviews should be implemented in a facilitative, non-intrusive and non-punitive manner that is respectful of national sovereignty;
  - The reviews shall not make political judgements.
8. Format (desk reviews or centralized reviews):
- The format of the reviews has been agreed upon as desk reviews or centralized reviews;
  - Additional definitions of desk reviews and centralized reviews may be required, including in-person and remote variations of desk reviews and centralized reviews;
  - The guidance could also include a term to denote when only a single Party is being reviewed.
9. Timing and frequency:
- Reviews should be organized in periodic cycles, at least once or twice a year;
  - Reviews should start with the review of the initial report and then be followed by the review of the regular information;
  - The review of the information after submission should be made without delay;
  - The timing of the review for each report (initial, annual and regular), including when the review is to begin and when it is to conclude, should be included in the guidelines.
10. Development of modalities for reviewing confidential information:
- A process for identifying confidential information by Parties is needed, including in supplemental information that is provided to the Article 6 TER team during a review;
  - A process and provisions are needed to ensure confidentiality, including for:
    - a. The review of confidential information, as identified by Parties;
    - b. Requirements for the reviewers to maintain confidentiality;
    - c. Holding and storage of confidential information;
  - Regarding public information, determination needs to be made regarding which data and information are public and which are confidential, considering the transparency principle.
11. Consistency between the reporting of all the Parties participating in a cooperative approach in respect of that cooperative approach:
- The reviews should cover information by all Parties participating in the same cooperative approaches with the Party under review, but not the information on the other cooperative approaches in which the counterparty of the reviewed Party also participates;
  - The reviews should cover information by all Parties participating in the same cooperative approaches with the Party under review, to the extent possible;

## Informal note by the co-facilitators

### SBSTA 56 agenda item 12

---

- Reviews for consistency across multiple participating Parties should focus on the information submitted per cooperative approach such as in paragraphs 22 and 23(j) of the annex to decision 2/CMA.3;
  - Some consistency checks could be done independently for reporting requirements, such as participation requirements, which are narrative in nature and do not require the review to be paired up with a review of the information by other Parties involved in the cooperative approach;
  - The reviewers need to compare the information of all Parties involved in a cooperative approach, even if not submitted at the same time, like in the case of information on methods for corresponding adjustment and in relation to evidence that there is no double counting of ITMOs;
  - If information is not available for all Parties participating in the cooperative approach, hooks should be left in the review report for future reviews of the Party to review information as it becomes available.
12. Recommended action to be taken when inconsistencies are identified:
- Provisions are needed in the guidelines for the Article 6 TER to communicate recommended actions to the Party being reviewed;
  - Recommendations need to include how to improve consistency with the guidance (decision 2/CMA.3) and with respect to inconsistencies in the quantified information as it relates to the information of other Parties.
13. How a Party should respond to recommended actions:
- Provisions are needed in the guidelines for how a Party should respond to recommended actions;
  - Parties should be given time to address the inconsistencies, taking into account that resolving inconsistencies between the quantitative information reported by participating Parties of one cooperative approach could require interactions among those Parties.
14. Implications of non-responsiveness to recommended actions:
- Provisions are needed in the guidelines for addressing situations where a Party is unresponsive to recommendations and has repeatedly resisted undertaking actions;
  - Inconsistencies identified during the review and cases of non-responsiveness should be made public in the Article 6 TER report;
  - The annual synthesis report of the secretariat should contain explicit information on the Parties that have been unresponsive to the recommendations of the Article 6 TER and on the types of inconsistencies identified.
15. Composition of the Article 6 TER team:
- Provisions are needed in the guidelines for:
    - a. The nomination of experts to a roster of reviewers;
    - b. Competency requirements of the experts;
    - c. Addressing conflicts of interest;
  - The Article 6 TER team should contain at least two technical experts and be balanced between developed and developing country experts, geography and gender;
  - The Article 6 TER team needs to have the collective skills to meet the requirements for review and to provide meaningful recommendations to the reviewed Parties.

**Informal note by the co-facilitators**  
**SBSTA 56 agenda item 12**

---

16. Article 6 TER interaction with the participating Party when undertaking the review:
  - The secretariat is to facilitate communications between the Article 6 TER team and the Parties being reviewed.
17. Implications of paragraph 176 of the annex to decision 18/CMA.1 in respect of the composition of Article 13 review teams:
  - Guidance is needed for the role of the Article 6 expert in the Article 13 TER team in respect of Article 6 information;
  - Guidance needs to clearly distinguish the functions of the Article 6 TER team from those of the Article 13 TER team and to clarify the implications of their functions.
18. Training programme for the Article 6 technical experts:
  - Experts should undergo appropriate training;
  - Experts should pass an exam at the end of the training programme to become eligible for Article 6 TER;
  - Provisions for the training programme need to be included in the guidelines, and can draw on existing training for other reviewers under the UNFCCC.
19. Provisions necessary for planning and coordination of the Article 6 TER with the Article 13 TER, including on:
  - Communication between the Article 6 TER and Article 13 TER should be undertaken by the secretariat;
  - Forwarding the Article 6 TER report to the Article 13 TER should be undertaken by the secretariat;
20. Ensuring that Article 6 TERs in a given review cycle are completed in advance of, and the relevant reports are provided to, the A13 technical expert:
  - There is a need to sequence the Article 6 TER and the Article 13 TER so that the Article 6 TER is completed with sufficient time for the report to be sent to the Article 13 TER;
  - There is a need for guidance on the process for consideration and inclusion of the A6 TER recommendations in the Article 13 TER report;
  - Preliminary questions by the Article 6 TER team should be prepared in coordination with the Article 13 TER team and sent to Parties as a package; the timeframe for the response would follow that for the Article 13 process;
  - The review of the initial report should be provided to the Party as soon as the Article 6 TER can complete it.
21. Review procedures should:
  - Set forth the scope of the review;
  - List the information to be reviewed;
  - Define of the TER format (centralized and desk reviews);
  - Establish timelines and steps of the review;
  - Explain provisions to ensure confidentiality;
  - Define the role of the Party;
  - Define the role of the Article 6 TER team;
  - Define the role of the secretariat;
  - Provide guidelines for the Article 6 TER report;
22. The role of the Article 6 TER team needs to be elaborated, including in relation to:

## Informal note by the co-facilitators SBSTA 56 agenda item 12

---

- Formation of the Article 6 TER team;
  - Role of Article 6 TER team lead reviewers;
  - Annual meetings to consider how to improve the consistency of reviews.
23. The role of the secretariat needs to be elaborated, including in relation to:
- A preliminary completeness check of information;
  - Organizing the review sessions;
  - Facilitating communications between the Article 6 TER and the Parties;
  - See paragraph 16 above;
  - See paragraph 19 above.
24. Guidelines for the Article 6 TER report are needed, including on:
- Content of the Article 6 TER report;
  - Recommendations on how to improve consistency with the guidance;
  - Templates for the report that include hooks left in the review report for future reviews in case information was missing from other Parties to complete the consistency checks;
  - Communicating the Article 6 TER report to the Article 13 TER;
  - Publication of the Article 6 TER report on the centralized accounting and reporting platform (CARP).
25. Relationship between the Article 6 TER and the Article 6 infrastructure:
- Consistency checks will be made easier if the infrastructure is built with the review in mind. In this regard, consideration should be given as to whether national registries are connected to the Article 6 database, the international registry and the CARP.
26. Relationship with other types of UNFCCC reviews:
- The modalities and guidance for the review of REDD+ have been already assessed and reviewed under the COP before they are eligible for Article 6.2 review;
  - The Article 6.2 review of REDD+ assessments is complementary, addressing separate issues. REDD+ assessments are already agreed upon under UNFCCC and the same information cannot be reviewed twice.
27. Relationship with other UNFCCC processes:
- There should be a link to the Paris Agreement Implementation and Compliance committee established under Article 15 (e.g. the annual synthesis report of the secretariat could be provided to the Paris Agreement Implementation and Compliance committee established under Article 15);
  - The annual synthesis report of the Secretariat could be an input to the global stocktake;
  - Recommendations, and unresponsiveness to the recommendations, of the Article 6 TER could be addressed through the facilitative multilateral consideration of progress.

### **B. Infrastructure**

28. General views:

## Informal note by the co-facilitators

### SBSTA 56 agenda item 12

---

- Recommendations for the functionalities and interrelationships that are referred to in the Article 6.2, annex, chapter VI on recording and tracking is a priority;
- The importance of capacity-building for Parties with little or no experience is vital and should be expedited;
- Reporting and infrastructure cannot be discussed independently;
- The Article 6 infrastructure will need to be able to include information on both Article 6.2 and Article 6.4;
- It is necessary to have a general view of all infrastructure, what it will look like and the linkage among elements;
- The Article 6.2 infrastructure is centralized and decentralized, composed of discrete and distinct systems;
- The text makes no reference to electronic linkages between Party registries and with the Article 6 database, the Article 6.4. mechanism registry and the CARP;
- The registry models outlined in the informal report on the intersessional workshop on infrastructure are broadly confirmed as relevant. It is necessary to clarify where reconciliation occurs for each model;
- Article 6.2 registries are not the same as the Article 6.4 registry, which has more functions;
- The following principles were mentioned and should be documented:
  - a. Traceability;
  - b. Robustness;
  - c. Integrity;
  - d. Transparency;
  - e. Flexibility;
  - f. Minimized transaction cost;
  - g. Highest degrees of electronic integration and automation, including over time;
  - h. Security;
  - i. Immutability of data;
- Real-time integration should be possible for Parties that wish so;
- It may be useful to provide flexibility to Parties to report information on authorizations, transfers and other transactions in real time;
- A key element, and a starting point, to ensure integrity of information over time is authorization by Parties;
- Integrity should be preserved when ITMOs are transferred;
- The scope of the infrastructure should be limited to activities authorized by Parties under Article 6.2 and Article 6.4;
- There should be synergy with Article 6.4 infrastructure for transparency. A link between the A6.4 registry and national registries will be needed to track A6.4ERs;
- Relevant accounts should be available in all registries to enable Parties to declare their uses, for OIMP and for entities;
- The infrastructure should allow for different levels of participation of different actors;

## Informal note by the co-facilitators

### SBSTA 56 agenda item 12

---

- A glossary of terms is necessary;
  - The guidance should include high-level design specifications for all elements of the system;
  - For unique identifiers it is necessary to:
    - a. Clarify if they will be issued by national registries or the international registry;
    - b. Clarify which identifiers will be assigned by which systems and how identifiers will be shared, as needed, throughout the system;
    - c. Explain how they will be shared within a cooperative approach;
    - d. Establish a format for identifiers, which could be as follows: NDC, type of unit, vintage, project number, purpose of use;
    - e. Establish one cooperative approach to have the same unique identifier;
  - A link between national registries and the Article 6 database would facilitate the translation of the mandated national unique identifiers on the level of registries (paragraph 29) or accounts in the international registry (paragraph 30) into unique international identifiers within the Article 6 database (paragraph 32(a));<sup>2</sup>
  - The infrastructure needs to clearly track and maintain quantitative information on ITMOs cancelled for OMGE under paragraph 39 of the annex to decision 3/CMA.2, distinctly from the OMGE under Article 6.4.
29. Registries:
- The guidance should:
    - a. Include general technical specifications, including minimum functions, for the registries;
    - b. Be based on functional requirements without constraining the architecture or suggesting a particular solution;
    - c. Include minimum requirements for communication between registries;
    - d. Clarify how the national registries interface with the international registry and the corresponding timeline;
    - e. Lighten the burden of Parties that wish to establish their own registry;
    - f. Take into account the registries that Parties have already developed so that they can employ the infrastructure without their efforts being lost;
    - g. Allow for a decentralized approach but address how reconciliation will work in this case;
  - Registries may be different, whereby some registries hold assets and other track records or both;
  - National registries must serialize units and track them through their lifecycle, including authorization;
  - National registries do not track issuance, units, but rather reflect the movement of assets in the underlying registries;
  - For the purposes of traceability, there is a need to determine how national registries will communicate with one another;
  - National registries do not need to connect to one another but rather link through the CARP and the international registry;

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<sup>2</sup> The paragraphs are paragraphs of the annex to decision 2/CMA.3



- National registries can, but do not have to, connect to the international registry;
  - The registries should also allow for disaggregation and authorized entities to be captured;
  - Simple options such as Excel format for registries should be taken into account for those countries with fewer resources.
30. International registry:
- The international registry will have the same functionalities as the national registries;
  - The international registry must allow Parties to participate in Article 6.2 without hosting their own registry;
  - It is necessary to clarify the capabilities of a Party account in the international registry and if this account can have sub-accounts for entities;
  - Access should accommodate Parties' circumstances, such as unstable internet connection and hardware constraints.
31. Article 6 database:
- The reconciliation between amounts takes place in the Article 6 database;
  - The consistency checks on the quantitative information are a function of the Article 6 database;
  - There should be full integration between the international registry and the Article 6 database;
  - The secretariat plays a key role in the consistency checks;
  - The consistency check needs to be developed;
  - (a) If the information in the database is immutable relevant reporting information can be generated automatically by summing up all the activities authorized and entered into the infrastructure system from the start, only to be reviewed as summary information by Parties.
32. The CARP:
- The CARP is:
    - a. A dynamic public interface;
    - b. Accessible;
    - c. Easy to read;
    - d. An interface that allows for extraction and downloading of information;
  - (b) It is necessary to clarify the granularity of information to be captured by the CARP;
  - (c) Where Parties have not identified any confidential information, the information submitted in reports (initial, annual and regular) can be automatically uploaded onto the CARP.

## **C. Reporting**

33. General views:
- The priorities of this element are:
    - a. Outlining qualitative and quantitative tabular information for regular information;

**Informal note by the co-facilitators**  
**SBSTA 56 agenda item 12**

---

- b. Tables for submitting the quantitative information to the Article 6 database and in the structured summary and/or in an annex to the BTR;
  - Authorization, including content of authorization, is an area for further discussion and is particularly important for reconciliation. This could be the subject of a technical paper;
  - It would be useful to have a technical paper on the reporting practices under CORSIA.
  - All transactions on ITMOs should be made public;
  - Capacity-building is needed in the reporting area. Capacity-building can only start once the formats are agreed;
  - There is a need to support countries with their participation requirements and RCCs could provide such support.
34. Format:
- Information should be submitted in a standardized electronic format;
  - All reports should be developed in a tabular format, in order to facilitate and enhance completeness of reporting by Parties, enable cross-checks between tables and reports, and make the distinction between quantitative and qualitative information, which may sometimes be unclear;
  - The outlines and table formats should be user-friendly, simple, manageable and accessible. Simple templates will enable better access by Parties with limited capacity;
  - Flexibility (is using the format(s)) should be offered to Parties;
  - At this time, there should be an option to not have common formats for the reports, as the requirements for reporting included in decision 2/CMA.3 for the initial report, annual information and regular information are sufficient to operationalize the use of cooperative approaches. This option could be revisited after several review cycles in order to identify any gaps in Parties' reporting;
  - The SBSTA mandate as per decision 2/CMA.3, paragraph 6, is to develop tables and outlines for the information required pursuant to chapter IV of the annex (Reporting), including the agreed electronic format;
  - It would be helpful to include example texts and templates in the reporting outlines;
  - The tables/ formats developed should provide clear information on the delivery of OMGE and resources for Adaptation, even if those are voluntary;
  - Tables and outlines should be expressed and reflected in tonnes of CO<sub>2</sub> equivalent;
  - Any other information Parties may wish to include in tables and outlines should be expressed in the form of additional notes.
35. Granularity of information:
- Information submitted and collected needs to be at a level of granularity to give comfort and confidence to all Parties and stakeholders that the requirements of the guidance have been satisfied.
36. Reporting process:
- The process of submission of the different reports should be streamlined and clarified, including the frequency of submission of initial report, annual information, regular information.
  - Once submitted, the information should be reviewed without delay.

37. Linkages between reports:
- The linkages between the different reports (initial report annual information, regular information), the registries, the Article 6 database and the BTR need to be further explored. In this context, the ITMO identifiers are a key element;
  - As there are redundancies in the reports, they should be submitted through an electronic system in order to reduce the burden. Exceptions should be allowed such as when some information is already present in one of the reports.
38. Initial report:
- The initial report could be in the form of tables with brief narratives.
39. Regular information:
- The regular report should be in the form of tables;
  - Parts of the regular information will be provided in the BTR itself and the same information should not be submitted twice;
  - There are some discrepancies between the table of the annex to decision 5/CMA.3 and paragraph 23 of the Article 6.2 guidance. The structured summary table should be complemented to appropriately calculate the mathematical consequences of each amount reported in the table;
  - Options should be provided for the information in the tables that are referred to in paragraph 23(j) - for example, summary tables containing subtotals by each of the elements that are referred to in that paragraph, for each cooperative approach;
  - Some information to populate the regular information may be generated from the Article 6 database, and Parties may wish to be given the possibility to download this information.
40. Agreed electronic format:
- The preferred option is one simple aggregated table for all information required by 20(a) and 20(b) (flexibility on the format).

**D. Special circumstances of the least developed countries and small island developing States, corresponding adjustments and emission avoidance**

41. Special circumstances:
- There is a need for capacity-building of LDCs and SIDS as well as developing countries in general. In this regards, and RCCs have an important role to play;
  - The rules for implementing Article 6.2 must be fully understood and implemented before exemptions and flexibility can be considered for LDCs and SIDS;
  - Flexibility regarding special circumstances could be reviewed after five years and may include:
    - a. The timeline on reporting;
    - b. Access to the international registry that is free of charge;
    - c. Support to national arrangements;
    - d. Project cycle design, including baselines (similar to certain provisions under the CDM on baseline and additionality testing);
    - e. Fast-track arrangements for LDC hosted activities;
    - f. Participation requirements;
    - g. Exemption from project cycle fees such as registration fees and SOP;

**Informal note by the co-facilitators**  
**SBSTA 56 agenda item 12**

---

- h. Simplicity of reporting;
    - Learning from experience will add clarity.
  - 42. Corresponding adjustments:
    - There is a need for capacity building for Parties to engage in cooperative approaches, not to reopen the guidance;
    - Further guidance is not critical for the operationalization of Article 6.2;
    - Further clarity is needed, including on:
      - a. The relationship between trajectory, trajectories and budget;
      - b. Selecting an accounting approach;
      - c. The pairing of corresponding adjustments with SOP and OMGE to ensure robust accounting;
      - d. Perverse incentives and how to avoid pitfalls;
      - e. How ambition is achieved;
      - f. How the time lag between corresponding adjustments made between issuing and using Party will affect reporting;
    - Elaboration can be provided in the outline for the initial report;
    - Experience with reporting will provide the basis for implementing corresponding adjustments;
    - There is no need for further work or recommendations at this time.
  - 43. Emission avoidance:
    - A definition of avoidance is necessary as it goes beyond removals and emission reductions, including its relation to prevention of emissions and impact assessment and risk management;
    - The concept of avoidance is not defined and not important for the operationalization of Article 6.2;
    - Avoidance does not have a place in Article 6.2;
    - Removals and emission reductions are well defined and understood and provide for the avoidance of emissions;
    - This issue may be revisited in light of real case and review outcomes;
    - It is important to recognize avoidance, particularly for the land use change sector, or as it concerns policies and measures.
    - If there is a counterpart, activities can already be undertaken based on avoidance.
-